

*Organizational and  
Site Office Issues*

**Introduction to School Business  
September 21, 2011**

**J. Thomas Goodwin, MBA, CFO  
Chief Financial Officer  
Grand Ledge Public Schools**

**Robert K. Dwan, CFO  
Associate Executive Director  
Michigan School Business Officials**

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**Setting Up a Business Office**

- **Entry-Level Paths of the Business Manager**
  - Instructional background
  - Accounting/CPA
  - Management

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**Entry Level Requirements**

- **Business Manager**
  - Some of the attributes of success
    - Accounting skills
    - Budgeting skills
    - Knowledge of the education culture
    - Public speaking skills
    - Networking skills
    - People skills
    - Project management skills
    - Time management skills

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### Entry Level Requirements

- **Business Manager**
  - Keys to continued success
    - Regularly attend workshops and conferences to stay up to date on changes and current events
    - Network
    - Continue formal business education (for those with associates or less)
  - MSBO Certification Program
  - Become involved with Local Organizations
    - Local SBO, Jaycees, etc.

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### Entry Level Requirements

- **Support Office Personnel**
  - Two-year degree in accounting
  - Information technology
  - Commitment to continue education

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### Entry Level Requirements

- **Support Office Personnel**
  - Continual redeployment
  - Self directed
  - Network
  - MSBO Certification Program

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### Payroll/Fringe Benefits

- Process Structure
- Time Reporting
- Site-based Data Entry
- Scheduled Payments
- Direct Deposit
- Compliance
- Direct Interface with Benefit Providers
- Self Insurance

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### Purchasing/Payables

- Board Policy Bidding Requirements
- School Code Bidding Requirements
- Site-based Data Entry
- Site-based Goods Receipt
- MSBO Purchase Cards
- BidSync

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### Accounting Function

- Support Office Staff and the Reconciliation Functions
  - General Ledger reconciliations
  - Cash receipts
  - Bank reconciliations
- How often are these completed?
  - Monthly or.....
  - Whenever you get around to it?

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### Understanding Operations

- Facilities
  - Need projection
  - On-going maintenance
  - Deferred maintenance
  - Capital project plan
  - Work-order system
  - School Dude

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### Understanding Operations

- Food Service
  - Point-of-sale software
  - Central Kitchen – Satellite

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### Understanding Operations

- Transportation
  - Aggregated bus purchasing
  - Routing software and related integration with Student Management Information Systems
  - Preventive maintenance software

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### Operating a Business Office

- Organizational Task Calendar for Business Office Functions
  - Example on MSBO Website
- Individual Task Calendar for Functions Assigned
- Cross-training

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### Operating a Business Office

- Back-up Structure
- Office Procedure Manuals
- Frame Questions and Possible Solutions
- Involvement in Instructions

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### Working with the Superintendent

- Developing Long-range and Strategic Technology Migration Plans
- Suggesting Alternative Funding Options
  - Sinking fund
  - For profit operations
    - Beverage Contracts
    - Band Width
    - Cell Phone Towers
    - Vending
  - Regional Enhancement Millage
  - Recreation Millages

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**Timeline Approach**

February through June  
(17 months)

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**February**

- Spring Count
- Enrollment Forecast
- Review current budget to actual variances

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**“We must understand variation.”**

- W. Edwards Deming



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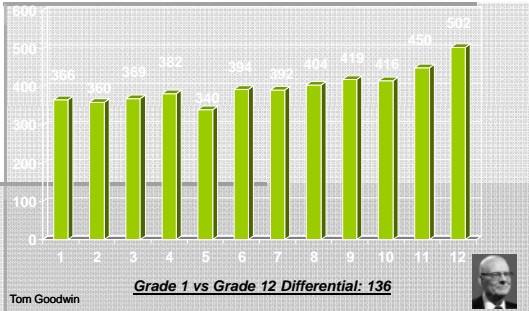
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### Grand Ledge Public Schools Enrollment by Grade




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### StanFred Enrollment Projections

School Year	Most Likely	High	Low	Budget
2009-10	(84)	18	(180)	(148)
2010-11	(55)	31	(137)	(110)
2011-12	(17)	67	(93)	(68)
2012-13	(36)	34	(100)	(79)
2013-14	(23)	40	(81)	(62)
<b>Totals</b>	<b>(215)</b>	<b>190</b>	<b>(591)</b>	<b>(466)</b>

StanFred recommended budget projection is the "most likely" plus the "low" divided by two.

Tom Goodwin

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### March

- Budget Expansion Requests
  - Facility Needs / Summer Project Requests
  - Begin Labor Negotiations
- Tom Goodwin

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## April

- Budget Meetings with Department Heads
- Discuss Budget Assumptions with BOE

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## May

- Revenue Estimating Conference
- Cash Flow – Begin Borrowing Process with Bond Counsel if needed
- Health Insurance Open Enrollment
- Purchase Order Cutoff

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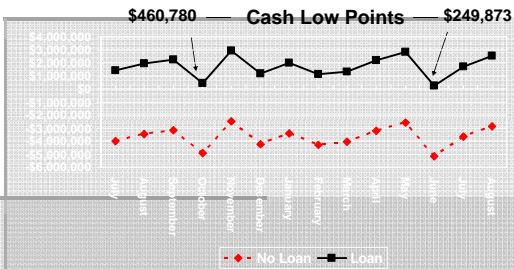
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Cashshortsville School Districts

### Cash Flow Projection



**Tentative Loan Amount: \$5.4 million**

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## June

- Truth-in-Taxation Hearing
- Truth-in-Budgeting Hearing
- L-4029
- Fund Balance
- Michigan Finance Authority – State Aid Note Application Due
- Load July 1 Budget in system
- MSBO Business Manager/CPA Workshop

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## “Truth-in-Taxation” Hearing



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## Property Tax 101: “State Equalized Value”



- **One half (1/2) of a property's true cash (market) value.**
- **“Taxable Value” must be less than to equal to the “State Equalized Value”**
- **“Taxable Value” can increase while the “State Equalized Value” is decreasing**

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**Notice of Public Hearing  
on Proposed 2007-08 Budget**

Please take notice that on Monday, June 18, 2007 at 7:00 p.m. at 220 Lamson Street, Grand Ledge, Michigan, the Board of Education of Grand Ledge Public Schools will hold a public hearing to consider the district's proposed 2007-08 budget.

The Board may not adopt its proposed 2007-08 budget until after the public hearing. A copy of the proposed 2007-08 budget including the proposed property tax millage rate is available for public inspection during normal business hours at 220 Lamson Street, Grand Ledge, Michigan.

The property tax millage rate to be levied to support the proposed budget will be a subject of this hearing.

Don Symonds, Secretary

This sentence MUST be printed in 11 point boldface type as shown

Tom Goodwin

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Property Tax 101:  
"Taxable Value"



- **It is the value used to calculate your property taxes. It is not the same as the property's true cash value.**
- **A property's taxable value can only increase annually by the rate of inflation or 5%, whichever is less, unless there is an addition to the property or the property's ownership transferred during a previous tax year. See MCL 211.34d.**
- **A property's assessment change notice will indicate your property's taxable value and the amount the taxable value has increased over the previous tax year's taxable value.**
- **A property's taxable value can also decrease if there is a physical loss to the property. See MCL 211.34d.**

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Property Tax 101:  
"Millage Rate"



- **Mill = \$1 per thousand of "taxable value"**
- **Example: A house has....**
  - **"Market Value" of \$200,000**
  - **"State Equalized Value" of \$100,000**
  - **"Taxable Value" of \$80,000**
  - **1 mill = \$80/year**

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Grand Ledge Public Schools  
2011-12

## General Fund Millage Rates



- **Non-Homestead Tax Rate = 18.0000 mills**
- **Industrial Personal Property = 0 mills**
- **Commercial Personal Property = 6 mills**
- **State Education Tax = 6 mills**

***The millage rate is constant and the revenue is variable!***

Tom Goodwin

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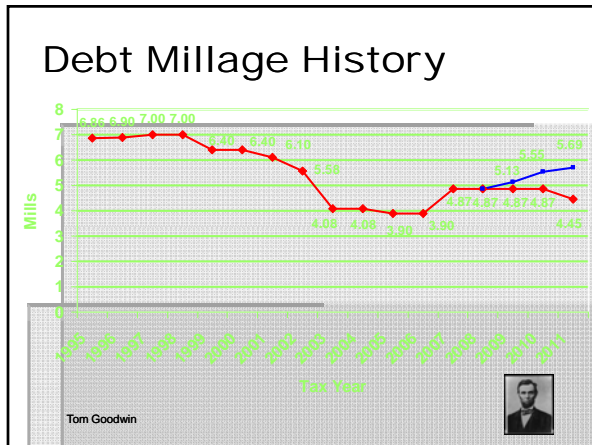
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### Local School Districts

#### Current Debt & Sinking Fund Mills



School District	Debt	Sinking Fund	Hold Harmless	Total
Waverly	4.8000		7.1000	11.9000
Dewitt	11.1200			11.1200
Holt	10.0000			10.0000
East Lansing	7.0000	1.2716	1.0775	9.3491
Haskell	8.3300	0.8233		9.1533
Bath	8.0000	1.0000		9.0000
Laingsburg	8.7000			8.7000
Pottersville	7.3500	1.0000		8.3500
Charlotte	7.5900			7.5900
Webberville	7.4500			7.4500
Leslie	7.3900			7.3900
Fowlerville	7.3400			7.3400
Williamston	7.3000			7.3000
St. Johns	7.0000			7.0000
Stockbridge	7.0000			7.0000
Perry	7.0000			7.0000
Pewamo-Westphalia	7.0000			7.0000
Eaton Rapids	7.0000			7.0000
Okemos	4.7000	1.4966		6.1966
Mason	6.0000			6.0000
<b>Grand Ledge</b>	<b>6.5300</b>			<b>6.5300</b>
Maple Valley	5.0000			5.0000
Lansing	1.0856			1.0856

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## Other Revenue "Adjustments"

- Lost "categorical funding" (decreasing enrollment) = \$167,791
- One-time MPSERS buydown = \$474,289
- One-time "best practices" funding = \$497,369



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## "Blended Count"

Spring Count	5,358.06		
Weight	x	10%	
Subtotal			535.81
Spring Count	5,250.25		
Weight	x	90%	
Subtotal			+ 4,725.23
<b>"Blended Count"</b>			<b>5,261.04</b>

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## Foundation Grant ("The Shell Game")

Line	Account	Amount	Source
A	CV Foundation	\$ 4,700.00	
B	PY 1998 Foundation	\$ 5,314.08	From State Aid Report
C	General ED K-12	\$ 4,900.13	(IS x 10) + (R x 90)
D	February	\$ 4,872.64	From Pupil Count
E	September	\$ 4,792.65	From Pupil Count
F	Special ED K-12	\$ 253.82	(IS x 10) + (R x 90)
G	February	\$ 252.90	From Pupil Count
H	September	\$ 251.90	From Pupil Count
I	State Aid Membership	\$ 679,293.19	State Aid
J	Non-PRE Taxable Value	\$ 392,814.264	From State Website
K	Non-PRE Taxable Value	\$ 8,822,489.19	State Aid
L	Common PP Taxable Value	\$ 38,825,286.19	From State Website
M	Common PP Taxable Value	\$ 1,111,000.00	State Aid
N	Documented Local Revenue	\$ 7,132,532.12	(R x 10)
O	Local Revenue Per Membership	\$ 1,267,422.12	(L x 1)
P	Local Revenue Per Member	\$ 1,881,114.12	(L x 1.4)
Q	Special ED Costs	\$ 4,600,754.20	State Report & State Aid Report
R	Transportation Costs	\$ 3,921,200.00	State Report & State Aid Report
S	Section 2030 Cell	\$ 25,350,512.00	From State Aid Report
T	Section 2030 SP ED	\$ 722.00	From State Aid Report
U	Section 514.3 SP ED Hold Harmless	\$ 247,555.85	From MDJE Website
<b>Other General Fund Calculations</b>			
W	State Per Pupil (SE \$/pup)	\$ 474.26	(R x 1) + D
X	Section 2030 DE Foundation Grant	\$ 26,365,452.00	(R x C) + D
Y	Section 514.2 SP ED Foundation	\$ 1,766,324.21	(A x F) + P
Z	Section 514.2 SP ED Foundation	\$ 257,272.00	(W x 200/200) + (R x 200/200) + (U x 10) + (V x 10)
AA	Section 514.3 SP ED Hold Harmless	\$ 247,555.85	(G - U)
<b>Current Year Projections</b>			
BB	Prop A Obligation Per Pupil	\$ 1,122.00	(B - L) + 2
CC	Section 220 Proposal A Obligation	\$ 19,709,361.88	(W x 1)
DD	Section 514.3 SP ED Headline	\$ 1,605,735.00	(M x 2,061,133) + (N x 784,615)
EE	Section 220 Discretionary Payment	\$ 5,485,482.37	(S + T + V + X + Y + Z) - 24
FF	Section 455A Adjustment	\$ 602,773.00	From State Aid Status Report
GG	Section 455A Adjustment	\$ 42,113.43	\$16.19 Per Student (Approx.)
HH	Section 455A Adjustment	\$ 81,854.10	@ \$170 per pupil

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Grand Ledge Public Schools  
2010-11

## Expenditure Assumptions



- Increase in the MPSERS retirement rate from 20.66% to 24.46%
- All employees groups have "hard caps" on their health insurance, therefore, all premiums increases will be paid by the employees
- Based on recently enacted legislation step increases are no longer automatic and must be negotiated

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Grand Ledge Public Schools  
2010-11

## General Fund Expenditure Budget



2009-10 Projected Expenditures	\$ 44,501,570.34
<b>Adjustments:</b>	
ARRA IDEA	\$ (594,733.00)
ARRA - Buses	(240,000.00)
Buses - Insurance Proceeds	(156,032.00)
Bus Loan	(60,666.00)
EISD - Speech - Language	(277,796.00)
EISD - Meadowview Transportation	(105,521.00)
Teacher Reductions	(1,378,612.93)
Building Administration	(215,764.00)
Building Secretaries	(108,907.90)
Custodians	(81,877.60)
Teacher Assistants	-
Central Office Administration	(39,583.61)
Athletics Subsidy	(237,551.89)
Energy	(76,000.00)
MPSERS Rate Increase	558,095.80
Step Increases	538,000.00
Teacher VSP	(600,000.00)
Band Uniform Loan	(26,136.00)
Counselors	165,729.07
<b>Total Adjustments:</b>	<b>(2,938,457.05)</b>
<b>2010-11 Projected Expenditures</b>	<b>\$ 41,563,113.29</b>

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Grand Ledge Public Schools

## Fund Balance History

1997 to 2011

BOE Policy Level

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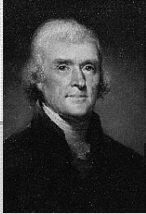
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*“Never spend your money before you have it.”*



- Thomas Jefferson (1743 - 1826)

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## July

- Close Fiscal Year
  - Prepare Accrual Entries
  - Final reconcile balance sheet accounts
- Audit Prep
  - Prepare work papers
  - Begin Federal Awards Worksheet
  - Begin Footnote Disclosures
- Play Golf / Take a Vacation

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## August

- State Aid Note Closing
- Audit
- Prepare Payroll for Staffing Assignments

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## September

- Exhausted from having little or no vacation, you happily welcome back teachers who sadly must return to work after spending three months laying by the pool.
- Answer these question multiple times:
  - "Do you work in the summer?"
  - "How was your summer vacation?"
- Fall Student Count
- MSBO School Finance Committee "Up North" Meeting

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## October

- MPSERS Rate Changes
- Building Budget Meetings
- MDE/MSBO Workshop

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## Grand Ledge Public Schools Building Budget Allocations

School	PV Per Pupil	PPFG+	Per Pupil	Enrollment	Budget
Delta Center	\$ 82.74	\$ (2.16)	\$ 80.58	476.03	\$ 38,357.99
Greenwood	82.74	(2.16)	80.58	281.00	22,642.68
Holbrook	82.74	(2.16)	80.58	369.00	29,733.62
Neff	82.74	(2.16)	80.58	292.00	23,529.05
Wacousta	82.74	(2.16)	80.58	343.00	27,638.57
Willow Ridge	82.74	(2.16)	80.58	497.17	40,061.42
				<b>2,258.20</b>	
Beagle Middle	111.51	(2.91)	108.60	542.27	58,889.16
Hayes Middle	111.51	(2.91)	108.60	786.00	85,357.62
				<b>1,328.27</b>	
High School	136.41	(3.56)	132.85	1,778.83	236,312.45
				<b>5,365.30</b>	<b>\$ 562,522.57</b>

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## January

- 1<sup>st</sup> Budget Amendment
- Revenue Estimating Conference
- W-3 – Summary of W-2's
- 1098 – Summary of 1099's
- MSBO Financial Strategies Conference

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## February

- Sales, Use and Withholding Annual Return due to State
- E-Rate Form 471

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## March

- Monitor Budget to Actual for budget update
- Verify final allocations of Federal Funds
- Verify MEGS/Budget/CMS agree
- Verify State Aid Taxable Value to Taxable Values online

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**April**

- 2<sup>nd</sup> Budget Amendment
- MSBO Annual Conference

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**May**

- Revenue Estimating Conference
- Begin making plans for you summer long trip to Europe.

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**June**

- 3<sup>rd</sup> Budget Amendment
- August State Aid Note Application Due

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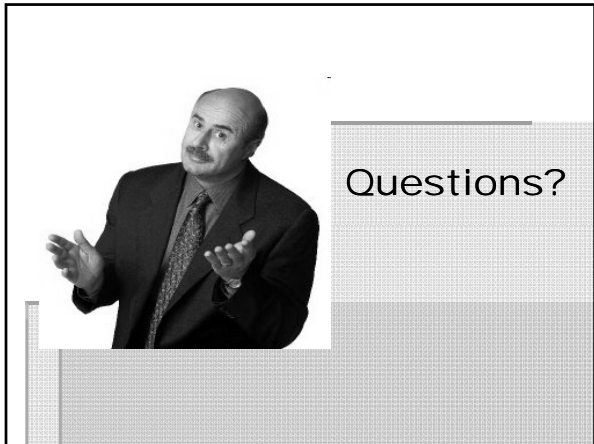
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